

SUNDAYS RIVER VALLEY MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2006

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 31, in terms of Section 12(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

NK SINGANTO
Municipal Manager

21/08/2006
Date

SUNDAYS RIVER VALLEY MUNICIPALITY

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

3 FUNDS AND RESERVES

The Municipality creates and maintains Funds and Reserves in terms of specific requirements.

3.1 Capital Replacement Reserve (CRR)

In order to finance the purchase of items of property, plant and equipment amounts are transferred out of the net surplus for a period (when needed) into the Capital Replacement Reserve (CRR). These transfers from the net surplus may only be made if they are backed by cash. The following provisions are set for the creation and utilization of the CRR:

- The cash backing up the CRR is invested, in accordance with the investment policy of the Council, until it is utilized.
- Interest earned on the CRR investment is recorded as interest earned in the Statement of Financial Performance and may be appropriated to the CRR in accordance with council policy.
- The CRR may only be utilized for the purpose of purchasing items or construction of property, plant and equipment for the Council and may not be used for the maintenance of these items. If Council wants to utilize the CRR for expensing something other than PPE an amount equal to the expense must be transferred to net surplus.
- Whenever an asset is purchased out of the CRR an amount equal to the cost price of the asset purchased is transferred from the CRR into a future depreciation reserve (CR) called the Capitalization Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the CRR. The CR is used to offset depreciation charged on assets purchased out of the CRR and is released to the statement of financial performance over the useful life of the asset to avoid double taxation of the consumers.
- If a profit is made on the sale of PPE other than land the profit on these assets sold is reflected in the statement of financial performance and is then transferred via the statement of changes in net assets to the CRR provided that it is backed by cash. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

3.2 CAPITALIZATION RESERVE

This reserve is used to off-set the depreciation of assets that were acquired by the municipalities own revenue (Internal loans and Advances). It is built up from unappropriated surplus to prevent double taxation to the customers. It is from this reserve that accumulated depreciation will be created. This reserve is only for assets acquired before the implementation of GAMAP.

3.3 GOVERNMENT GRANT RESERVE

Grant income used to acquire PPE is included in revenue. A transfer is made from accumulated surplus to the GGR in that year that the revenue is recognized. The GGR is used to off-set future depreciation attributable to PPE. This is to ensure that the public receives the benefit of the asset over its useful life.

3.4 DONATION & PUBLIC CONTRIBUTION RESERVE

All donations and public contributions used to acquire items of PPE are included in revenue. A transfer is made from accumulated surplus to the DPCR in that year that the revenue is recognized. The DPCR is used to off-set any future depreciation attributable to that PPE. The purpose is to promote community equity.

4 PROVISIONS

A provision is recognized when the Council has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

4.1 Employee Benefits

4.1.1 Retirement Funds

The Council and its employees contribute to various Pension Funds and its councillors may contribute to the various Pension Funds. These funds provide retirement benefits to such employees and councillors.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis on defined benefits contribution plans, unless exemption to do so has been obtained from the Registrar of Pension Funds.

Current contributions are charged against the operating account of the Council at a percentage of the basic salary paid to employees, or allowances in the case of councillors.

4.1.2 Medical Aid: Continued Members

The Council provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the Council for the remaining 70%.

These contributions are charged to the operating account when paid.

4.1.3 Accrued Leave Pay

Liabilities for annual leave are recognized as they accrue to employees. Provision is based on the total accrued leave owing to employees and on their total salary packages. It is estimated at the total leave due at the end of the financial year less a compulsory allocation of 16 days per person to be taken.

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

4.1.4 Provision for bonuses

The Council will make provision for bonuses payable where at year end minimum bonus amounts owing to officials are contractually payable in the next financial year. This will be done for the year ended 30 June 2007 bonuses were paid out of operating expenses.

4.2 Other Provisions

4.2.1 Provision for constructive obligations

Provision is made for any constructive obligations of the Municipality. A constructive obligation arises through an established pattern of past practice, published policies or a sufficiently specific current standard, whereby the Municipality has indicated to other parties that it will accept certain responsibilities and as a result, the Municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities. Currently none of these obligations exist.

4.2.2 Provision for onerous contracts

When the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognized and measured as a provision. An onerous contract is a contract for the exchange of assets or services in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits or service potential expected to be received under it. Currently none of these obligations exist.

5 LEASES

LESSEE ACCOUNTING

- 5.1 Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Council.
- 5.2 Operating leases are those leases which do not fall within the scope of the above definition. Operating lease rentals are recognized on a straight-line basis over the lease term or any other basis which is representative of the time pattern of the lessee's benefit.
- 5.3 Assets subject to finance lease agreements are capitalized at their cash cost equivalent and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

6 INVESTMENTS

The Council may have the following types of investments.

- Held to maturity (HTM) investments are financial assets with fixed or determinable payments and fixed maturity where the Council has the positive intent and ability to hold the investment to maturity. Otherwise, investment represents the holding of funds in an account that bears the maximum interest for the preservation of future value. Interest earned is capitalized where required.
- Loans and receivables originated by the enterprise are financial assets that are created by providing money, goods or services directly to a loan debtor.

INITIAL MEASUREMENT of financial instruments is at cost, which is the fair value of the consideration given. The fair value is usually the transaction price or market price. Transaction costs are included in the initial measurement of financial assets. Transaction costs include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges; and transfer taxes and duties. Transaction costs do not include debt premium or discount, financing costs or allocations of internal administrative or holding costs.

SUBSEQUENT MEASUREMENT of financial assets.

HTM investments and loans and receivables originated by the Council and not held for trading is subsequently recognized at amortized cost using the effective interest rate method. Amortized cost is defined as the amount at which the financial asset was measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and minus any write-down for impairment or uncollectability.

7 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Trade creditors denominated in foreign currency are reported at statement of financial position date by using the exchange rate at that date. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded during the period are recognized as revenue or as expenses in the period in which they arise. Where the transaction is covered by a forward exchange contract, the rate specified in the contract is used. Currently no such transactions exist.

8 REVENUE RECOGNITION

- 8.1 Revenue is derived from a variety of sources which include Rates and Taxes, Service fees, grants from other tiers of government and revenue from other services provided. Revenue is recognized when it is probable that future economic benefits or service potential will flow to the Council and these benefits can be measured reliably.
- 8.2 Revenue is recognized when the legal entitlement to this revenue arises. Collection charges are recognized when such amounts are legally enforceable. Interest on unpaid services is recognized on a time proportionate basis.

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

- 8.3 Income for agency services is recognized on receipt the associated subsidy or grant. The income recognized is in terms of the agency agreement.
- 8.4 Interest earned on investments is recognized in the statement of financial performance on a time proportionate basis that takes into account the effective yield on the investment. Interest may be transferred from the unappropriated surplus to the CRR. Interest earned on unutilized conditional grants is allocated directly to the creditor; unutilized conditional grants if the grant conditions indicate that interest is payable to the funder.
- 8.5 Revenue from the sale of goods is recognized when all the following conditions have been satisfied:
- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
 - The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
 - The amount of revenue can be measured reliably.
 - It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
 - The costs incurred or to be incurred in respect of the transaction can be measured reliably.
- 8.6 Interest on outstanding debtors is recognized on a time proportionate basis and is charged on all outstanding debtors older than 30 days. The basis being prime +1.
- 8.7 When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction should be recognized by reference to the stage of completion of the transaction at the statement of financial position date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- The amount of revenue can be measured reliably.
 - It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
 - The stage of completion of the transaction at the statement of financial position date can be measured reliably.
 - The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
- 8.8 Government Grants are recognized as revenue when all conditions associated with the grant have been met. Where grants have been received but the Council has not met the condition, a liability is raised. The excludes funds received as Equitable Share.
- 8.9 Revenue from "agency service" is for services render to by the municipality.
- 8.10 Service charges have two classes, namely consumption and availability where the former represents the reading of meters on a monthly basis and is recognized as revenue when invoiced. Provisional estimated are made when actual readings are not available. Adjustment between actual and estimated readings are recognized as
- 8.11 The income and expenditure associated with the grants received for the construction of low cost housing was recognised to the extent to which construction has taken
- 9 VALUE ADDED TAX**
- The Council accounts for Value Added Tax on the Cash basis.
- The VAT component of outstanding debtors are indicated as trade creditors, however this amount is not factual owed to the Commissioner of Inland Revenue.
- 10 SEGMENTAL INFORMATION**
- The principal segments have been identified on a primary basis by service operation and on a secondary basis by the classification of revenue and expenditure. The primary basis is representative of the internal structure for both budgeting and management purposes. The secondary basis classifies all operations based on the classification of revenue and expenditure.
- 11 GRANTS-IN-AID**
- The Council transfers money to individuals, organizations and other sectors of government from time to time. When making these transfers, the Council does not:
- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
 - Expect to be repaid in future; or
 - Expect a financial return, as would be expected from an investment.
- These transfers are recognized in the financial statements as expenses in the period that the events giving rise to the transfer occurred. If these contracts are onerous and extend over more than one financial year after year end they are treated in accordance with the accounting policy on onerous contracts outlined under 4.1.6 above. Current no such transactions exist.
- 12 UNUTILIZED CONDITIONAL GRANTS.**
- Unutilized conditional grants are reflected on the Statement of financial position as a creditor – unutilized conditional grants. They represent unspent government grants, subsidies and contributions from the public. These creditors always have to be cash backed. The following provisions are set for the creation and utilization of these creditors:
- The cash which backs up the creditor is invested until it is utilized.
 - Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Council's interest it is recognized as interest earned in the statement of financial performance.

SUNDAYS RIVER VALLEY MUNICIPALITY

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

Whenever an asset is purchased and funded from the unutilized conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilized Capital Receipts into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the statement of changes in net assets to a reserve called a Government Grant Reserve (GGR). This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilized Capital Receipts. The GGR is used to offset depreciation charged on assets purchased out of the Unutilized Capital Receipts to avoid double taxation of the consumers.

13 INTANGIBLE ASSETS

Intangible assets are treated in accordance with the provisions of IAS 38. In accordance with these provisions intangible assets are initially recorded at their cost price and are subsequently amortized over their expected useful lives. An intangible asset is defined as an identifiable non – monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. The intangible assets under the control of the Council are amortized according to the straight line method as follows:

14 ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realizable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

15 PROVISION FOR BAD DEBT

This amount is to be equal to all debt outstanding in excess of 180 days. Currently the provision that exist is the amount that could be created from unappropriated surplus. Provision for the current year will be expended from that year's budget.

16 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short – term, liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

17 CONSUMER DEPOSITS

These are held on behalf of water and electricity patrons until the services is no longer consumed by that patron. This deposit is refunded as a credit to the account or paid back directly.

18 INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are value at the lower of cost and net realizable value.

19 TRADE CREDITORS

Trade creditors are stated at their nominal value.

SUNDAYS RIVER VALLEY MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 June 2006

	Note	2006 R	2005 R
NET ASSETS AND LIABILITIES			
Net assets		95,923,028	107,511,010
Capital replacement reserve		224,385	219,884
Capitalisation reserve		5,574,486	16,877,284
Government grant reserve		14,183,285	11,936,323
Donations and public contribution reserves		36,134	0
Accumulated Surplus/(Deficit)		75,904,738	78,477,519
Non-current liabilities		928,548	1,104,637
Long-term liabilities	1	30,491	33,684
Non-current provisions	2	898,057	1,070,953
Current liabilities		7,705,237	10,789,663
Consumer deposits	3	187,312	168,341
Provisions	4	0	0
Creditors	5	4,352,571	3,262,552
Unspent conditional grants and receipts	6	1,655,065	4,769,025
VAT	7	0	0
Bank overdraft	15	1,507,093	2,575,642
Current portion of long-term liabilities	1	3,196	14,103
Total Net Assets and Liabilities		104,556,813	119,405,310
ASSETS			
Non-current assets		97,090,519	108,168,773
Property, plant and equipment	8	94,359,447	102,264,440
Investments	9	2,463,465	5,590,624
Long-term receivables	10	267,607	313,709
Current assets		7,466,294	11,236,537
Inventory	11	0	9,265
Consumer debtors	12	6,367,352	10,086,250
Other debtors	13	560,888	388,801
VAT	7	424,842	428,748
Current portion of long-term debtors	10	41,862	117,558
Call investment deposits	14	0	0
Bank balances and cash	15.0	71,350	205,915
Total Assets		104,556,813	119,405,310
		0	0

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 June 2006

Budget			Actual	
2005 R	2006 R	Note	2006 R	2005 R
REVENUE				
3,826,600	4,613,903	16	3,573,631	3,257,710
	7,120		9,918	
14,308,400	10,769,549	17	12,471,400	18,082,999
0	0		0	
0	0		0	
	63,940		47,464	
31,000	41,000		206,188	172,731
	124,030		1,913,905	
	0		0	
	7,111,000		821,121	
	748,300		3,076,982	
	0		0	
13,305,000	12,643,050	18	26,854,329	12,574,151
	6,824,000	18	11,006,327	
	1,944,533	19	1,193,694	
	0		0	
	0		0	
31,471,000	38,490,425		61,174,959	34,087,591
EXPENDITURE				
13,616,408	13,641,026	20	13,806,988	14,370,664
	1,076,948	21	986,020	
	0		0	
	0		0	
	0		11,380	
2,664,290	2,949,758		1,564,539	2,822,969
	12,320	22	17,676	
2,818,000	3,029,890	23	2,910,193	2,933,388
	371,400		254,314	
9,000	5,245,575	24	4,635,627	5,529,157
11,034,166	8,308,174	25	27,035,312	8,321,684
1,329,136	1,295,668		371	1,444,520
	18,626		0	
	0		0	
31,471,000	35,949,385		51,221,678	35,422,382
0	2,541,040		9,953,281	-1,334,791
Share of surplus/(deficit) of associate accounted for				
0	0		0	0
0	2,541,040		9,953,281	-1,334,791

Refer to Appendix E(1) for explanation of variances

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2005

	Pre-GAMAP Old	Capital	Capitalisation	Government	Donations and	Accumulated	Total
	Reserves and Funds	Replacement Reserve	Reserve	Reserve	Public Contributions Reserve	Surplus / (Deficit)	
	R	R	R	R	R	R	R
2005							
Balance at 1 July	39,108,750	219,884		0	0	59,983,740	99,312,374
Implementation of GAMAP (Note 26)	-39,108,750		16,877,284	11,936,323	0	48,676,286	38,381,143
Restated balance	0	219,884	16,877,284	11,936,323	0	108,660,026	137,693,517
Net surplus/(deficit) for the year						-1,334,794	-1,334,794
Adjustments						-34,106	-34,106
Interest received							
Transfer to CRR							0
Capital grants used to purchase PPE							0
Donated/contributed PPE							0
Offsetting of depreciation						0	0
Balance at 30 June 2005	0	219,884	16,877,284	11,936,323	0	107,291,126	136,324,617
2006							
Correction of error (Note 27)	0	0	0	0	0	0	0
Restated balance	0	219,884	16,877,284	11,936,323	0	107,291,126	136,324,617
Net surplus/(deficit) for the year						9,953,281	9,953,281
Adjustments						-50,354,870	-50,354,870
Transfer to CRR						0	0
Interest received		4,501				-4,501	0
Capital grants used to purchase PPE				7,705,550		-7,705,550	0
Donated/contributed PPE					47,519	-47,519	0
Asset disposals						0	0
Offsetting of depreciation		0	-11,302,798	-5,458,588	-11,385	16,772,771	0
Balance at 30 June 2006	0	224,385	5,574,486	14,183,285	36,134	75,904,738	95,923,028

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 June 2006

	Note	2006	2005
		R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		51,268,784	33,914,860
Cash paid to suppliers and employees		-46,723,325	-36,574,210
Cash generated from/(utilised in) operations	27	4,545,459	-2,659,350
Interest received		206,188	172,731
Interest paid		-17,676	-17,655
NET CASH FROM OPERATING ACTIVITIES		4,733,971	-2,504,274
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-8,921,783	-911,243
Proceeds on disposal of fixed assets		0	
(Increase)/decrease in non-current receivables		121,798	210,124
Decrease/(Increase) in non-current investments		-3,127,159	2,952,008
NET CASH FROM INVESTING ACTIVITIES		-5,672,828	2,250,889
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		-14,100	-145,615
Increase in consumer deposits		18,971	9,405
NET CASH FROM FINANCING ACTIVITIES		4,871	-136,210
NET DECREASE IN CASH AND CASH EQUIVALENTS		-933,984	-389,595
Cash and cash equivalents at the beginning of the year		-2,369,727	-2,759,322
Cash and cash equivalents at the end of the year	28	-1,435,743	-2,369,727

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2006

	2006 R	2005 R
1 LONG-TERM LIABILITIES		
Local Registered Stock Loans		
Annuity Loans	33,687	47,787
Capitalised Lease Liability	0	0
Government Loans : Other	0	0
Sub-total	<u>33,687</u>	<u>47,787</u>
Less : Current portion transferred to current liabilities	-3,196	-14,103
Local Registered Stock Loans		
Annuity Loans	-3,196	-14,103
Capitalised Lease Liability		
Government Loans : Other		
Total External Loans	<u>30,491</u>	<u>33,684</u>

Refer to Appendix A for more detail on long-term liabilities.

2 NON-CURRENT PROVISIONS

Provision for leave	898,057	1,061,511
Water Reserve	0	9,442
Total Non-Current Provisions	<u>898,057</u>	<u>1,070,953</u>

The movement in the non-current provisions are reconciled as follows: -

	Water reserve	Leave
30 June 2006		
Balance at beginning of year	9,441	1,061,511
Contributions to provision	-9,160	116,449
Expenditure incurred	-388	-279,903
Interest received	106	0
Transfer to current provisions	0	0
Balance at end of year	<u>0</u>	<u>898,057</u>
30 June 2005		
Balance at beginning of year	56,061	878,676
Contributions to provision	195,441	251,405
Expenditure incurred	-249,513	-68,570
Interest received	7,452	
Transfer to current provisions	0	
Balance at end of year	<u>9,441</u>	<u>1,061,511</u>

3 CONSUMER DEPOSITS

Electricity	131,847	118,691
Water	55,465	49,650
Total Consumer Deposits	<u>187,312</u>	<u>168,341</u>

Guarantees held in lieu of Electricity and Water Deposits	<u>0</u>	<u>0</u>
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4 PROVISIONS

Current portion of long-service provision (see note 2 above)	0	0
Total Provisions	<u>0</u>	<u>0</u>

The movement in current provisions are reconciled as follows: -

30 June 2006

Balance at beginning of year	0	0
Transfer from non-current	0	0
Contributions to provision	0	0
Expenditure incurred	0	0
Balance at end of year	<u>0</u>	<u>0</u>

30 June 2005

Balance at beginning of year	0	0
Transfer from non-current	0	0
Contributions to provision	0	0
Expenditure incurred	0	0
Balance at end of year	<u>0</u>	<u>0</u>

5 CREDITORS

Trade creditors	2,447,158	1,938,310
Payments received in advance	0	0
Securities	600,000	0
Staff leave	0	0
Other creditors	1,305,413	1,324,242
Total Creditors	<u>4,352,571</u>	<u>3,262,552</u>

6 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

6.1 Conditional Grants from other spheres of Government

MIG Grants	1,655,065	4,696,189
Provincial LED Projects	452,765	2,321,104
IDP	0	0
Rezoning	16,510	11,694
Planning Moses Mabida	27,504	26,040
General Valuation	13,097	12,398
Spatial Dev. Plan	0	110,586
Paterson Micro Enterprises	40,623	83,075
Human Res. Dev.	276,815	160,309
MSP	60,138	60,138
Enon Citrus Farm	17,823	146,046
Kirkwood Cemetery	114,704	9,887
Rect Encroachment - Paterson	63,029	59,664
Rect Encroachment - Moses Mabida	44,143	41,777
Rect Encroachment - Nomathamsanqa	1,057	11,175
Finance Management	1,697	16,610
Survey Moses Mabida 40 Erven	14,024	163,195
Capacity Building for Ward Committee	13,545	16,217
Revision & Integration of Zoning Scheme	14,261	150,000
Paterson Labour	178,474	0
Paterson Bucket Eradication Phase 2	49,049	0
Drought Relief	277,356	0
Performance Management Systems	3,190	0
Addo / Noma 91 Sites Housing Project	50,499	0
NM Paterson Accident	2,629	0
Emsengeni 282 Establishment Grant	14,283	0
Emsengeni / Aquapark Housing	0	-225
Paterson Housing	0	1,075
Paterson Housing Establishment Grant	12,699	-470,944
Paterson Bucket Eradication	-139,756	0
Aqua Park Waterborne Sewerage Transfer	2,243	1,588,743
Moses Mabida Waterborne Sewerage Transfer	1,006	0
Free Basic Electricity	58,794	0
Kirkwood Upgrade Water Treatment	-28,142	177,625
	<u>1,006</u>	<u>0</u>

6.2 Other Conditional Receipts

CMIP	0	72,836
Riva Art Festival	0	71,815
	<u>0</u>	<u>1,021</u>

Total Conditional Grants and Receipts

<u>1,655,065</u>	<u>4,769,025</u>
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See Note 21 for reconciliation of grants from other spheres of government.

These amounts are invested in a ring-fenced investment until utilized.

7 VAT

VAT receivable	<u>424,842</u>	<u>428,748</u>
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VAT is payable on the receipts basis.

Only once payment is received from debtors is VAT paid over to SARS.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2006

8 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Land	Buildings	Infra- structure	Community	Heritage	Other	Total
	R	R	R	R	R	R	R
Carrying values at 1 July 2005	3,739,189	46,382,838	34,788,387	0	0	538,632	85,449,046
Cost	3,739,189	56,275,676	34,825,615	0	0	7,423,960	102,264,440
Correction of error (note 27)							0
Accumulated depreciation	0	-9,892,838	-37,228	0	0	-6,885,328	-16,815,394
Acquisitions	0	62,481	13,843	0	0	594,241	670,565
Capital under Construction	0	0	8,251,218	0	0	0	8,251,218
Depreciation						-11,380	-11,380
Carrying value of disposals	0	0	0	0	0	0	0
Cost	0	0	0	0	0	0	0
Accumulated depreciation	0	0	0	0	0	0	0
Impairment losses							0
Other movement							0
Carrying values at 30 June 2006	3,739,189	46,445,319	43,053,448	0	0	1,121,491	94,359,447
Cost	3,739,189	56,338,157	43,090,676	0	0	8,018,199	111,186,221
Accumulated depreciation	0	-9,892,838	-37,228	0	0	-6,896,708	-16,826,774

30 June 2005

Reconciliation of Carrying Value	Land	Buildings	Infra- structure	Community	Heritage	Other	Total
	R	R	R	R	R	R	R
Carrying values at 1 July 2004	3,739,189	56,275,676	34,825,615	0	0	7,071,767	101,912,247
Cost	3,739,189	56,275,676	34,825,615	0	0	7,071,767	101,912,247
Correction of error (note 27)							0
Accumulated depreciation	0	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	911,243	911,243
Capital under Construction	0	0	0	0	0	0	0
Depreciation						0	0
Carrying value of disposals	0	0	0	0	0	0	0
Cost	0	0	0	0	0	0	0
Accumulated depreciation	0	0	0	0	0	0	0
Impairment losses							0
Other movement						-559,050	-559,050
Carrying values at 30 June 2005	3,739,189	56,275,676	34,825,615	0	0	7,423,960	102,264,440
Cost	3,739,189	56,275,676	34,825,615	0	0	7,423,960	102,264,440
Accumulated depreciation	0	0	0	0	0	0	0

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2006

	2006 R	2005 R
9 INVESTMENTS		
Listed		
Total Listed	<u>0</u>	<u>0</u>
Unlisted		
Total Unlisted	0	0
Financial Instruments		
Fixed Deposits	<u>2,463,465</u>	<u>5,590,624</u>
Total Cash Investments	<u>2,463,465</u>	<u>5,590,624</u>
Total Investments	<u>2,463,465</u>	<u>5,590,624</u>

10 LONG-TERM RECEIVABLES

Car loans	62,100	175,700
ACVV	73,583	76,058
Bergsig Selfhelp Scheme	59,421	62,602
Bergsig Electricity Loans	54,341	56,883
Paterson Houses	<u>60,024</u>	<u>60,024</u>
	309,469	431,267
Less : Current portion transferred to current receivables	<u>-41,862</u>	<u>-117,558</u>
Car loans	<u>-32,400</u>	<u>-109,139</u>
ACVV	<u>-2,475</u>	<u>-2,415</u>
Bergsig Selfhelp Scheme	<u>-3,884</u>	<u>-3,337</u>
Bergsig Electricity Loans	<u>-3,103</u>	<u>-2,667</u>
Paterson Houses		
Total	<u>267,607</u>	<u>313,709</u>

11 INVENTORY

Consumable stores - at cost	0	9,265
Maintenance materials - at cost	0	0
Spare parts - at realisable value	0	0
Water - at cost	0	0
Other goods held for resale - at cost	0	0
Unsold properties held for resale - at realisable value	<u>0</u>	<u>0</u>
Total Inventory	<u>0</u>	<u>9,265</u>

12 CONSUMER DEBTORS

As at 30 June 2006	Gross Balance	Provision for Bad Debt	Net Balance
Service debtors			
Rates	4,160,910	-3,281,426	879,484
Electricity	1,700,448	-1,458,590	241,858
Water	15,618,368	-11,949,209	3,669,159
Refuse	2,854,607	-2,099,322	755,285
Sewerage	1,544,566	-1,204,908	339,658
Housing	1,613,001	-1,157,044	455,957
Sundry	25,951		25,951
Total	<u>27,517,851</u>	<u>-21,150,499</u>	<u>6,367,352</u>
As at 30 June 2005			
Service debtors			
Rates	3,310,608	-1,737,021	1,573,587
Electricity	1,593,634	-831,346	762,288
Water	11,862,102	-6,188,067	5,674,035
Refuse	2,005,769	-1,046,344	959,425
Sewerage	1,217,567	-635,164	582,403
Housing	1,077,426	-562,057	515,369
Sundry	19,143		19,143
Total	<u>21,086,249</u>	<u>-10,999,999</u>	<u>10,086,250</u>

	2006	2005
Rates: Ageing		
Current	-69,401	
30 Days	181,092	
60 Days	123,829	
90 Days	118,520	
120 Days	113,448	
150 Days	3,693,422	
180+ Days		
Total	<u>4,160,910</u>	<u>0</u>

(Electricity, Water, Refuse and Sewerage): Ageing

Current	-261,007	
30 Days	947,078	
60 Days	578,327	
90 Days	608,018	
120 Days	561,852	
150 Days	19,889,224	
180+ Days		
Total	<u>22,323,492</u>	<u>0</u>

Housing: Ageing

Current	-2,200	
30 Days	563,817	
60 Days	2,874	
90 Days	2,761	
120 Days	2,701	
150 Days	463,496	
180+ Days		
Total	<u>1,033,449</u>	<u>0</u>

13 OTHER DEBTORS

Payments made in advance		
Unauthorized expenditure (see Note 35)		
Fruitless and wasteful expenditure (see Note 35)		
Control accounts - Debtors	453	243
Clearance accounts - Debtors	560,435	388,558
Total Other Debtors	<u>560,888</u>	<u>388,801</u>

14 CALL INVESTMENT DEPOSITS

Other Deposits	<u>0</u>	<u>0</u>
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15 BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

First Nasional Bank - Kirkwood Branch
Account Number 62025490856

Cash book balance at beginning of year	-2,575,642	-2,888,663
Cash book balance at end of year	<u>-1,507,093</u>	<u>-2,575,642</u>
Bank statement balance at beginning of year	733,726	36,696
Bank statement balance at end of year	<u>71,738</u>	<u>733,726</u>

Current Account (Motor Registration)

First Nasional Bank - Kirkwood Branch
Account Number 62027651935

Cash book balance at beginning of year	192,437	129,301
Cash book balance at end of year	<u>41,265</u>	<u>192,437</u>
Bank statement balance at beginning of year	192,906	
Bank statement balance at end of year	<u>41,265</u>	<u>192,906</u>

Current Account (Traffic Fines)

First Nasional Bank - Kirkwood Branch
Account Number 62070775310

Cash book balance at beginning of year	11,900	0
Cash book balance at end of year	11,631	11,900

Bank statement balance at beginning of year	11,900	0
Bank statement balance at end of year	11,631	11,900

Current Account (Easy Pay)

First Nasional Bank - Kirkwood Branch
Account Number 62098449385

Cash book balance at beginning of year	0	0
Cash book balance at end of year	16,556	0

Bank statement balance at beginning of year	0	0
Bank statement balance at end of year	3,316	0

Call Account

First Nasional Bank - Kirkwood Branch
Account Number

Cash book balance at beginning of year	1,538	1,091,408
Cash book balance at end of year	1,858	1,538

Bank statement balance at beginning of year	1,538	1,091,408
Bank statement balance at end of year	1,858	1,538

Petty Cash		
Cash book balance at beginning of year	40	40
Cash book balance at end of year	40	40

16 PROPERTY RATES

Actual	3,573,631	3,257,710
Residential		
Commercial		
State		
Total Assessment Rates	3,573,631	3,257,710

Valuations	July 2006	July 2005
	R000's	R000's
Residential	81,008,380	
Commercial	41,304,620	
Churches	17,566,815	
State	20,712,630	
Municipal	23,633,940	
Total Property Valuations	184,226,385	83,187,061

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2004.
Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations.
A general rate of R0.016 (2005: R0.016) is applied to property valuations to determine assessment rates.
Rebates of 20% are granted to state property owners.
Rates are levied on an annual basis with the final date of payment being 30 September 2005.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2006

	2006 R	2005 R
17 SERVICE CHARGES		
Sale of electricity	3,109,347	4,295,346
Sale of water	5,654,034	6,870,424
Refuse removal	2,555,965	1,773,336
Sewerage and sanitation charges	1,027,767	1,031,879
Service Charges Housing	126,590	112,323
Service Charges Other Debtors	-2,303	3,999,691
Total Service Charges	12,471,400	18,082,999
18 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	9,513,717	11,742,275
Provincial LED Projects	0	0
Provincial health subsidies	2,038,780	831,876
MIG Grant	11,006,327	0
Finance Management Grant	262,838	0
Other	15,038,994	0
Total Government Grant and Subsidies	37,860,656	12,574,151
18.1 Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R112 (2004: R101), which is funded from this grant.		
18.2 Provincial Health Subsidies		
Balance unspent at beginning of year	0	0
Current year receipts - included in public health vote	2,038,780	831,876
Conditions met - transferred to revenue	-2,038,780	-831,876
Conditions still to be met - transferred to liabilities (see note 7)	0	0
18.3 MIG Cooling		
Balance unspent at beginning of year	390,294	
Current year receipts	6,760,525	
Conditions met - transferred to revenue	-6,500,000	
Transfer between projects	-649,819	
Conditions still to be met - transferred to liabilities (see note 7)	1,000	0
MIG Balance of funds		
Balance unspent at beginning of year	1,036,220	
Current year receipts	1,309,365	
Conditions met - transferred to revenue	-854,714	
Transfer between projects	-1,085,664	
Conditions still to be met - transferred to liabilities (see note 7)	405,207	0
MIG Kirkwood / Moses Mabida		
Balance unspent at beginning of year	285,215	
Current year receipts	3,047,500	
Conditions met - transferred to revenue	-2,682,336	
Transfer between projects	-615,310	
Conditions still to be met - transferred to liabilities (see note 7)	35,069	0
MIG Emsengeni		
Balance unspent at beginning of year	26,970	
Current year receipts	555,400	
Conditions met - transferred to revenue	-434,563	
Transfer between projects	-138,583	
Conditions still to be met - transferred to liabilities (see note 7)	9,224	0
MIG PMU		
Balance unspent at beginning of year	582,405	
Current year receipts	3,551,548	

Conditions met - transferred to revenue	-192,640	
Transfer between projects	-3,939,048	
Conditions still to be met - transferred to liabilities (see note 7)	2,265	0
Total MIG Grants	452,765	0
19 OTHER INCOME		
Sale of housing		
Other income	1,193,694	0
Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 35)		
Total Other Income	1,193,694	0
20 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	11,641,568	14,363,499
Employee related costs - Social contributions	2,165,420	
Less: Employee costs capitalised to Property, Plant and Equipment	0	
Less: Employee costs included in other expenses	0	
Total Employee Related Costs	13,806,988	14,363,499
Remuneration of the Municipal Manager		
Annual Remuneration	344,449	289,196
Performance Bonuses	9,417	84,923
Allowance - Housing Subsidy	0	5,199
Allowance - Telephone	0	9,000
Allowance - Transport	72,054	50,956
Allowance - Entertainment	0	2,250
Social Contributions	0	54,025
Total	425,920	495,549
Remuneration of the Chief Finance Officer		
Annual Remuneration	260,093	289,196
Performance Bonuses	39,644	65,075
Bonus - Leave		
Allowance - Housing Subsidy	454	5,448
Allowance - Telephone		12,000
Allowance - Transport	78,000	66,990
Allowance - Other	20,585	6,847
Social Contributions	38,644	53,148
Total	437,420	498,704
Remuneration of Individual Executive Directors		
30 June 2006	Technical Services R	Corporate Services R
Annual Remuneration	228,826	241,759
Performance Bonuses	35,991	19,822
Bonus - Leave		
Allowance - Housing Subsidy	5,142	454
Allowance - Telephone	12,000	9,000
Allowance - Transport	54,000	98,166
Allowance - Other		23,907
Social Contributions	53,997	38,644
Total	389,956	422,298
30 June 2005	Technical Services R	Corporate Services R
Annual Remuneration	216,897	209,148
Performance Bonuses	65,275	62,777
Bonus - Leave		
Allowance - Housing Subsidy	5,448	
Allowance - Telephone	12,000	12,000
Allowance - Transport	54,000	66,000
Social Contributions	52,965	54,148
Total	406,585	404,073
		Community Services R
		193,546
		19,822
		454
		9,000
		77,293
		16,308
		49,653
		366,076
		216,897
		6,025
		12,000
		63,526
		40,128
		338,576

21 REMUNERATION OF COUNCILLORS

Executive Mayor	95,840	95,017
Councillors	368,720	321,840
Councillors' pension contribution	40,993	65,219
Councillors' medical aid contribution	113,229	23,280
Allowances	367,239	277,817
Total Councillors' Remuneration	<u>986,021</u>	<u>783,173</u>

In-kind Benefits

The Executive Mayor is full time and Councillors are part time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owned vehicle for official duties.

22 INTEREST PAID

Long-term liabilities	6,950	17,655
Finance leases	0	
Bank overdrafts	10,726	
Total Interest on External Borrowings	<u>17,676</u>	<u>17,655</u>

23 BULK PURCHASES

Electricity	2,749,422	2,675,287
Water	160,771	258,101
Total Bulk Purchases	<u>2,910,193</u>	<u>2,933,388</u>

24 GRANTS AND SUBSIDIES PAID

Total Grants and Subsidies	<u>4,635,627</u>	<u>5,529,157</u>
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The Grants & Subsidies consists of subsidies paid to indigent customers exclusively for free basic services

25 GENERAL EXPENSES

Included in general expenses is the following:-	<u>0</u>	<u>0</u>
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26 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP

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The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP:

26.1 Statutory Funds

Balance previously reported: -
Revolving Fund

219,884

Total

219,884

Implementation of GAMAP

Transferred to the Capital Replacement Reserve

219,884

Transferred to the Capitalisation Reserve

0

Transferred to Accumulated Surplus/(Deficit) (see 26.8 below)

0

Total

219,884

26.2 Loans Redeemed and Other Capital Receipts

Balance previously reported

39,108,750

Implementation of GAMAP

0

Transferred to Government Grant Reserve

0

Transferred to Donations and Public Contribution Reserve

0

Transferred to Accumulated Surplus/(Deficit) (see 26.8 below)	39,108,750	
Total	<u>39,108,750</u>	
26.3 Provisions and Reserves		
Balance previously reported		
Provision: Bad Debt	10,999,999	
Provision: Leave	1,061,511	
Provision: Audit Fees	171,929	
Total	<u>12,233,439</u>	
Implementation of GAMAP		
Provision: Bad Debt	10,999,999	
Provision: Leave	1,061,511	
Transferred to Accumulated Surplus/(Deficit) (see 26.8 below)	171,929	
Total	<u>12,233,439</u>	
26.4 Inventory		
Balance previously reported	9,265	
Implementation of GAMAP		
Transferred to Accumulated Surplus/(Deficit) (see 26.8 below)	0	
Inventory	9,265	
Total	<u>9,265</u>	
26.5 Non-current provisions		
Balance previously reported	0	
Implementation of GAMAP		
Transferred to Accumulated Surplus/(Deficit) (see 26.8 below)	0	
Total	<u>0</u>	
26.6 Property, plant and equipment		
Balance previously reported	102,264,440	
Implementation of GAMAP		
Infrastructure previously not recorded credited to Accumulated Surplus/(Deficit) (see 26.8 below)		
Total	<u>102,264,440</u>	
26.7 Accumulated Depreciation		
Balance previously reported		
Implementation of GAMAP		
Backlog depreciation: Land and buildings	9,209,708	
Backlog depreciation: Infrastructure	9,300	
Backlog depreciation: Community	0	
Backlog depreciation: Other	176,599	
Total (debited to Accumulated Surplus/(Deficit)) (see 26.8 below)	<u>9,395,607</u>	
26.8 Accumulated Surplus/(Deficit)		
Implementation of GAMAP		
Adjustments to inventory (see 26.4 above)	0	
Excessive provisions and reserves no longer permitted (see 26.3 above)	171,929	
Non-current provisions previously not recognised (see 26.5 above)	0	
Transferred from statutory funds (see 26.1 above)	0	
Transferred from Loans Redeemed and Other Capital Receipts (see 26.2 above)	39,108,750	
Fair value of Property, Plant and Equipment previously not recorded (see 26.6 above)		
Backlog depreciation (see 26.7 above)	9,395,607	
Total	<u>48,676,286</u>	

27 CASH GENERATED BY OPERATIONS

Net surplus for the year	9,953,281	-1,334,791
Adjustment for:-		
Depreciation	11,380	0
Gain on disposal of property, plant and equipment	0	0
Contribution to provisions - non-current	-172,896	
Contribution to provisions - current	0	0
Interest paid	17,676	17,655
Investment income	206,188	537,213
Adjustments in respect of Appropriation & Other	-6,998,399	-5,062,989

Operating surplus before working capital changes:	3,017,230	-5,842,912
(Increase)/Decrease in inventories	9,265	-1,066
(Increase)/decrease in debtors	3,718,898	802,437
(Increase)/decrease in other debtors	-172,087	0
(Decrease)/increase in conditional grants and receipts	-3,113,960	0
(Decrease)/Increase in creditors	1,090,019	2,382,191
(Decrease) / Increase in VAT	-3,906	0
Cash generated by/(utilised in) operations	<u>4,545,459</u>	<u>-2,659,350</u>

28 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :

Bank balances and cash	71,350	205,915
Bank overdrafts	-1,507,093	-2,575,642
Call investment deposits	0	0
Total cash and cash equivalents	<u>-1,435,743</u>	<u>-2,369,727</u>

29 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see Note 1)	33,687	47,787
Used to finance property, plant and equipment - at cost	<u>33,687</u>	<u>47,787</u>
Sub-total	0	0
Cash set aside for the repayment of long-term liabilities	0	0
Cash invested for repayment of long-term liabilities	0	0

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2006

2006
R

2005
R

30 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance

Unauthorised expenditure current year

Approved by Council or condoned

Transfer to receivables for recovery (note 22)

Unauthorised expenditure awaiting authorisation

Incident

Unbudgeted expenditure

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance

Fruitless and wasteful expenditure current year

Condoned or written off by Council

To be recovered - contingent asset (see note 40)

Fruitless and wasteful expenditure awaiting condonement

31 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

31.1 Contributions to organized local government

Opening balance

Council subscriptions

Amount paid - current year

Amount paid - previous years

Balance unpaid (included in creditors)

31.2 Audit fees

Opening balance

0

Current year audit fee

Amount paid - current year

386,011

243,239

Amount paid - previous years

Balance unpaid (included in creditors)

386,011

243,239

32.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in note

8. All VAT returns have been submitted by the due date throughout the year.

32.4 PAYE and UIF

Opening balance

0

Current year payroll deductions

0

Amount paid - current year

0

Amount paid - previous years

Balance unpaid (included in creditors)

The balance represents PAYE and UIF deducted from the June 2005

payroll. These amounts were paid during July 2005.

32.5 Pension and Medical Aid Deductions

Opening balance	0
Current year payroll deductions and Council Contributions	0
Amount paid - current year	0
Amount paid - previous years	
Balance unpaid (included in creditors)	
The balance represents pension and medical aid contributions deducted	

from employees in the June 2005 payroll as well as Council's contributions to pension and medical aid funds. These amounts were

paid during July 2005.

32.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

30th June 2006	Total	Outstanding less than 90 days	Outstanding more than 90 days
Jonas D.C.	1099	191	908
Tambo M.V.	3611	273	3,338
Dancey A.	978	452	526
Gumbe Z.D.	1417	197	1,220
Frost P.J.	725	463	262
Adams F.	1675	73	1,602
Lose Z.A.	1974	256	1,718
Total Councillor Arrear Consumer Accounts	11479	1905	9574

30th June 2005	Total	Outstanding less than 90 days	Outstanding more than 90 days
	0		
	0		
	0		
	0		
	0		
	0		
	0		
Total Councillor Arrear Consumer Accounts	0	0	0

During the year the following Councillors' had arrear accounts outstanding for more than 90 days

	Highest Amount Outstanding	Ageing
30th June 2006		
Tambo M.V.	3,338	90 Days +
Lose Z.A.	1,718	90 Days +
Adams F.	1,602	90 Days +

30th June 2005

32.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

The Municipality has not developed a supply chain management policy due to (reason)

33 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for

Infrastructure

Community

Heritage

Other

Housing Development Fund

Investment Properties

- Approved but not yet contracted for
Infrastructure
Community
Heritage
Other
Housing Development Fund
Investment Properties

Total

This expenditure will be financed from:

- External Loans
- Capital Replacement Reserve
- Government Grants
- Own resources
- District Council Grants

34 RETIREMENT BENEFIT INFORMATION

All Councillors and employees belong to 5 defined benefit retirement funds.

35 CONTINGENT LIABILITY

None

APPENDIX A
SCHEDULE OF EXTERNAL LOANS AS AT 30 June 2006

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30 June 2005	Received during the period	Redeemed written off during the period	Balance at 30 June 2006	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
LONG-TERM LOANS			R	R	R	R	R	R
Total long-term loans			0	0	0	0	0	0
ANNUITY LOAN								
DBSA - Swimming Pool			36,407	0	-2,720	33,687	264,350	0
DBSA - Water Scheme			11,380	0	-11,380	0		
Total Annuity Loans			47,787	0	-14,100	33,687	264,350	0
GOVERNMENT LOANS								
Total Government Loans			0	0	0	0	0	0
TOTAL EXTERNAL LOANS			47,787	0	-14,100	33,687	264,350	0

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 June 2006

	Cost/Revaluation					Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
Land and Buildings											
Land	3,739,189	0		0	3,739,189	0	0	0	0	3,739,189	
Buildings	56,275,676	62,481		0	56,338,157	-9,209,708	-683,130	0	-9,892,838	46,445,319	
	60,014,865	62,481	0	0	60,077,346	-9,209,708	-683,130	0	-9,892,838	50,184,508	
Infrastructure											
Drains					0				0	0	
Roads					0				0	0	
Beach Improvements					0				0	0	
Sewerage Mains & Purif			5,374,535		5,374,535	-3,000	-27,478	0	-30,478	5,344,057	
Electricity Mains	10,152,408	0	434,563	0	10,586,971	0	0	0	0	10,586,971	
Electricity Substations	3,458,207	0		0	3,458,207	-6,300	-450	0	-6,750	3,451,457	
Electricity Meters	0	13,843		0	13,843	0	0	0	0	13,843	
Electricity Peak Load Equip					0				0	0	
Water Mains & Purification	21,215,000	0	1,239,502	0	22,454,502	0	0	0	0	22,454,502	
Reservoirs - Water			1,202,618		1,202,618	0	0	0	0	1,202,618	
Water Meters					0				0	0	
Water Mains					0				0	0	
	34,825,615	13,843	8,251,218	0	43,090,676	-9,300	-27,928	0	-37,228	43,053,448	
Community Assets											
Parks & Gardens					0				0	0	
Libraries					0				0	0	
Recreation Grounds					0				0	0	
Civic Buildings					0				0	0	
	0	0	0	0	0	0	0	0	0	0	
Heritage Assets											
Historical Buildings					0				0	0	
Painting & Art Galleries					0				0	0	
	0	0	0	0	0	0	0	0	0	0	
Housing Rental Stock											
Housing Rental 1					0				0	0	
Housing Rental 2					0				0	0	
	0	0	0	0	0	0	0	0	0	0	
Leased Assets (Infrastructure)											
Sewerage Mains & Purify					0				0	0	
	0	0	0	0	0	0	0	0	0	0	
Other Assets											
Landfill sites					0				0	0	
Office Equipment	0	49,133		0	49,133	-421,994	-56,552	0	-472,861	-29,413	
Furniture & Fittings	6,049,796	113,063		0	6,162,859	-5,973,621	-87,423	0	-6,061,044	101,815	
Bins and Containers					0				0	0	
Emergency Equipment					0				0	0	
Motor vehicles	1,374,162	19,329		0	1,393,491	-54,272	-75,162	0	-129,144	1,264,057	
Fire engines					0				0	0	
Refuse tankers					0				0	0	
Computer equipment	0	397,627		0	397,627	-36,766	-102,058	0	-38,824	258,803	
Tools	0	0		0	0	-22,844	-46,573	0	-69,417	-69,417	
Conservancy tankers					0				0	0	
Other	0	15,089		0	15,089	-9,127	-10,316	0	-19,443	-4,354	
	7,423,958	594,241	0	0	8,018,199	-6,516,624	-378,084	0	-6,894,708	1,121,491	
Total	102,264,438	670,565	8,251,218	0	111,186,221	-15,737,632	-1,089,142	0	-16,826,774	94,359,447	

APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT 30 June 2006

	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive & Council	498,730	29,206		0	527,936	-4,062,333	-308,924	0	-4,371,257	-3,843,321
Finance & Admin	13,576,592	409,063		0	13,985,655	-1,083,371	-120,044	0	-1,203,415	12,782,240
Planning & Development	6,031,092	24,235		0	6,055,327	-2,048,627	-90,576	0	-2,139,203	3,916,124
Health	1,350,699	10,932		0	1,361,631	-153,245	-15,135	0	-168,380	1,193,251
Community & Social Services	3,012,535	59,382		0	3,071,917	-613,314	-29,706	0	-643,020	2,428,897
Public Safety	1,002,201	2,374		0	1,004,575	-733,943	-69,325	0	-803,268	201,307
Sport & Recreation	7,606,263	46,415		0	7,652,678	-1,294,481	-35,347	0	-1,329,828	6,322,850
Environmental Protection					0				0	0
Road Transport	40,159	26,619		0	66,778	-5,537	-17,982	0	-23,519	43,259
Housing	13,357,696	0		0	13,357,696	-4,763,384	-343,084	0	-5,106,468	8,251,228
Waste Management	20,900,207	0		0	20,900,207	-796,483	-161	0	-796,644	20,103,563
Waste Water Management	0	33,407	5,374,535	0	5,407,942	-102,613	-47,841	0	-150,454	5,257,488
Electricity	13,610,615	13,843	434,563	0	14,059,021	-6,300	-450	0	-6,750	14,052,271
Water	21,277,649	15,089	2,442,120	0	23,734,858	-70,936	-13,632	0	-84,568	23,650,290
Other					0				0	0
TOTAL	102,264,438	670,565	8,251,218	0	111,186,221	-15,734,567	-1,092,207	0	-16,826,774	94,359,447

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2006

2005 Actual Income R	2005 Actual Expenditure R	2005 Surplus/ (Deficit) R		2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/ (Deficit) R
8,756	3,253,029	-3,244,273	Executive & Council	0	2,694,224	-2,694,224
15,597,826	7,485,632	8,112,194	Finance & Admin	14,840,756	6,530,681	8,310,075
32,549	1,695,057	-1,662,508	Planning & Development	7,041,379	8,567,195	-1,525,816
831,876	1,436,752	-604,876	Health	2,038,780	1,642,718	396,062
66,873	1,619,951	-1,553,078	Community & Social Services	51,375	1,203,376	-1,152,001
806,166	3,765,314	-2,959,148	Public Safety	815,599	1,412,936	-597,337
13,263	736,650	-723,387	Sport & Recreation	6,152	517,653	-511,501
		0	Environmental Protection	0	0	0
2,646,976	1,651,383	995,593	Road Transport	3,078,101	3,551,710	-473,609
112,323	242,335	-130,012	Housing	11,288,650	11,683,677	-395,027
1,773,336	3,208,915	-1,435,579	Waste Management	2,705,344	3,268,579	-563,235
1,031,879	2,472,736	-1,440,857	Waste Water Management	6,505,865	1,979,000	4,526,865
4,295,346	3,229,177	1,066,169	Electricity	4,903,877	3,762,405	1,141,472
6,870,424	4,625,453	2,244,971	Water	7,666,862	4,407,528	3,259,334
		0	Other	0	0	0
34,087,593	35,422,384	-1,334,791	Sub Total	60,942,740	51,221,682	9,721,058
0	0	0	Less Inter-Dep Charges	0	0	0
34,087,593	35,422,384	-1,334,791	Total	60,942,740	51,221,682	9,721,058

APPENDIX E(1)
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 June 2006

REVENUE	2006 Actual (R)	2006 Budget (R)	2006 Variance (R)	2006 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Property rates	-3,573,631	-4,813,903	1,040,272	-23	over budgeted
Property rates - penalties imposed and collection charges	-9,918	-7,120	-2,798	39	increase in non-payments and under budgeted
Service charges	-12,471,400	-10,769,549	-1,701,851	16	under budgeted, increase in service delivery
Regional Services Levies - turnover			0		
Regional Services Levies - remuneration			0		
Rental of facilities and equipment	-47,464	-63,940	16,476	-28	over budgeted
Interest earned - external investments	-206,188	-41,000	-165,188	403	increase inflow of funds for investment
Interest earned - outstanding debtors	-1,913,905	-124,030	-1,789,875	1,443	under budgeted
Dividends received			0		
Fines	-821,121	-711,000	-110,121	15	increase in service delivery and improved collections
Licences and permits	-3,076,982	-748,300	-2,328,682	311	increase services, under budgeted
Income from agency services			0		
Grants & subsidies received - Operating	-26,854,329	-12,643,050	-14,211,279	112	increase inflow of funds from investments
Grants & subsidies received - Capital	-11,006,327	-6,824,000	-4,182,327	61	increase inflow of funds from investments
Other income	-1,193,894	-1,944,533	750,639	-39	under budgeted
Public contributions, donated/contributed PPE			0		
Gains on disposal of property, plant and equipment			0		
Total Revenue	-61,174,959	-38,490,425	-22,684,534	59	
EXPENDITURE					
Employee Cost - Wages & Salaries	11,641,568	11,753,347	-111,779	-1	
Employee Cost - Social Contributions	2,165,420	1,887,679	277,741	15	employee benefit awareness increase
Employee related costs	13,806,988	13,641,028	165,962	1	
Remuneration of Councillors	986,020	1,076,948	-90,928	-8	
Bad debts			0		
Collection costs			0		
Depreciation	11,380	0	11,380		
Repairs and maintenance	1,564,539	2,949,758	-1,385,219	-47	savings on voluntary budget provisions
Interest on external borrowings	6,950	12,320	-5,370	-44	over budgeted
Bulk purchases	2,910,193	3,029,890	-119,697	-4	
Contracted services	254,314	371,400	-117,086	-32	over budgeted
Grants and subsidies paid	4,635,627	5,245,575	-609,948	-12	over budgeted
General expenses - other	27,046,038	8,308,174	18,737,864	226	increase service delivery and under budgeted
Contributions To/From Provisions	-371	1,295,668	-1,296,039	-100	under budgeted
Interest on internal borrowings	0	18,626	-18,626	-100	
Loss on disposal of property, plant and equipment			0		
Total Expenditure	51,221,678	35,949,385	15,272,293	42	
NET SURPLUS/(DEFICIT) FOR THE YEAR	-9,953,281	-2,541,040		292	

APPENDIX E(2)
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 June 2006

	2006 Actual R	2006 Under Construction R	2006 Total Additions R	2006 Budget R	2006 Variance R	2006 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Land and Buildings							
Land	0		0		0		
Buildings	62,481		62,481	347,700	-285,219	-82	cash flow management
	62,481	0	62,481	347,700	-285,219	-82	cash flow management
Infrastructure							
Drains			0		0		
Roads			0		0		
Beach Improvements			0		0		
Sewerage Mains & Purif		5,374,535	5,374,535		5,374,535		
Electricity Mains	0	434,563	434,563	2,400	432,163	18,007	
Electricity Substations	0		0		0		
Electricity Meters	13,843		13,843	1,000,000	-986,157	-99	cash flow management
Electricity Peak Load Equip			0		0		
Water Mains & Purification	0	1,239,502	1,239,502		1,239,502		
Reservoirs - Water		1,202,618	1,202,618	46,000	1,156,618	2,514	
Water Meters			0		0		
Water Mains			0		0		
	13,843	8,251,218	8,265,061	1,048,400	7,216,661	688	government grants
Community Assets							
Parks & Gardens			0		0		
Libraries			0		0		
Recreation Grounds			0		0		
Civic Buildings			0		0		
	0	0	0	0	0		
Heritage Assets							
Historical Buildings			0		0		
Painting & Art Galleries			0		0		
	0	0	0	0	0		
Housing Rental Stock							
Housing Rental 1			0		0		
Housing Rental 2			0		0		
	0	0	0	0	0		
Leased Assets (Infrastructure)							
Sewerage Mains & Purify			0		0		
	0	0	0	0	0		
Other Assets							
Landfill sites		0	0	0	0		
Office Equipment	49,133		49,133	51,131	-1,998	-4	
Furniture & Fittings	113,063		113,063	242,569	-129,506	-53	cash flow management
Bins and Containers			0		0		
Emergency Equipment			0		0		
Motor vehicles	19,329		19,329	492,500	-473,171	-96	cash flow management
Fire engines			0		0		
Refuse tankers			0		0		
Computer equipment	397,627		397,627	39,350	358,277	910	under budgeted
Tools	0		0		0		
Conservancy tankers			0		0		
Other	15,089		15,089	213,600	-198,511	-93	cash flow management
	594,241	0	594,241	1,039,150	-444,909	-43	cash flow management
Total	670,565	8,251,218	8,921,783	2,435,250	6,486,533	268	

APPENDIX F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant and Subsidies Received

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in Yes / No	Reason for non-compliance
		March	June	Sept	Dec	March	March	June	Sept	Dec	March	March	June	Sept	Dec	March			
MIG HEALTH FINANCE MANAGEMENT GRANT	NATIONAL TREASURY			3,452,775	3,043,324	2,721,526			3,452,775	3,043,324	2,721,526							YES	
	PROVINCIAL TREASURY			1,023,982	338,266	676,532			1,023,982	338,266	676,532							YES	
	NATIONAL TREASURY			250,000						84,000	84,000							YES	
				4,726,757	3,381,590	3,398,058			4,476,757	3,465,590	3,482,058								

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.